

**DEPARTMENT  
POLICY****All Programs**

Recoupment policies and procedures vary by program and overissuance type. This item explains client error overissuance processing and establishment.

BAM 700 explains overissuance discovery, types and standard of promptness. BAM 705 explains agency error and BAM 720 explains Intentional Program Violations (IPV).

**Definitions****All Programs**

A provider error overissuance is when the client received more benefits than he/she was entitled to because the client/CDC provider gave incorrect or incomplete information to the department.

A client error exists when the client's timely request for a hearing results in the suspension of a Michigan Department of Health and Human Services (MDHHS) action, and any of:

- The hearing decision upholds the MDHHS action.
- The client withdraws the hearing request.
- The client fails to appear for the hearing which is not rescheduled.
- The Michigan Administrative Hearings System (MAHS) sends written notice to proceed with case actions.

**Non-Honored SDA  
Repay Agreements****SDA Only**

A client error exists when the client fails to honor an SDA repay agreement after receiving a potential resource. Do not pursue IPV; see BEM 272.

**Note:** SSI benefit recovery is initiated by the Reconciliation and Recoupment Section (RRS) in central office. If the client contacts the local office to arrange repayment, issue the client the DHS-4358A, -B, -C and -D, Notice of Overissuance and Repay

Agreement. Have the client sign form DHS-4358B, Agency and Client Error Information and Repayment Agreement. Do **not** enter these debts on Bridges unless the client signs the DHS-4358B. Notify the local Interim Assistance Reimbursement (IAR) liaison in the local office if the client signs a DHS-4358B. The IAR liaison will contact RRS; see BEM 272.

## Provider Error

### CDC Only

Provider errors are overissuances caused by a provider.

All overissuances established in the local office for CDC providers are sent to RRS in central office.

## OVERISSUANCE PROCESSING

### All Programs

## FIS/ES Actions

When a potential overissuance is discovered, do all of the following:

1. Take immediate action to correct the current benefits; see BAM 220, Case Actions, for change processing requirements.
2. Obtain initial evidence that an overissuance potentially exists.
3. Determine if it was caused by department, provider or client actions.
4. Refer all client errors to the RS within **60 days** of suspecting or if a suspected overissuance exists.

## OQA Audits

### FIP, SDA, and FAP

Overissuances discovered by the Office of Quality Assurance (OQA) must be referred to the Recoupment Specialist (RS) within seven days of receipt of the OQA findings since they verified one exists.

**Recoupment  
Specialist Referral****FIP, SDA, CDC and FAP**

Bridges refers most client errors to the RS. Use the DHS-4701, Overissuance Referral, to refer manual overissuances.

Complete all sections of the DHS-4701 and attach the potential evidence. Send it to the RS for your local office or region. A recoupment specialist list is in DHS-Net, Tools under Directories. The listing provides RS contact information by county and district.

The DHS-4701 must be sent to the RS within 60 days of suspecting an overissuance.

**FIP and FAP**

Do not refer a client error overissuance to the RS if, at the time it occurred, the group did not include an eligible or disqualified adult.

**MA Only**

Do not refer MA client errors to the RS; see BAM 710 for client error and suspected IPV processing.

**SER and ESS**

Refer SER and ESS overissuances to the RS only when IPV is suspected and a FIP, SDA or FAP overissuance also exists for the same period. Follow procedures in the State Emergency Relief Manual (ERM) for recoupment of SER. Follow procedures in BEM 232 for Direct Support Services (DSS).

**RECOUPMENT  
SPECIALIST  
ACTIONS****FIP, SDA, CDC and FAP**

Within **60** days of receiving the referral, the RS must:

- Determine if an overissuance actually occurred.
- Determine the type.

Within **90** days of determining an overissuance occurred, the RS must:

- Obtain all evidence needed to establish it.
- Calculate the amount.
- Establish the discovery date.
- Send a DHS-4358A, B, C & D to the client.
- Enter the FIP, SDA, CDC or FAP overissuance on the Benefit Recovery System (BRS).
- Refer to OIG for investigation if IPV is suspected.
- Send a DHS-4701A, Overissuance Referral Disposition, to the specialist explaining the final disposition.

**FIP, SDA and FAP**

Establish a suspected IPV as a client error.

**For OQA discovered overissuances, the RS will have a total of 90 days from the date of receiving the referral to:**

- Obtain all evidence needed to establish it.
- Calculate the amount.
- Start collection action on client and suspected IPV errors as client errors.
- Refer all suspected IPV to OIG for investigation.

**OIG Referral****FIP, SDA, CDC and FAP**

RS must refer all client and provider errors suspected as IPV to OIG when IPV criteria are met. See BAM 720 for the criteria and policy on establishing IPV in the local office.

**OVERISSUANCE  
PERIOD****All Programs****Begin Date****FIP, SDA, CDC and FAP**

The overissuance period begins the first month (or pay period for CDC) benefit issuance exceeds the amount allowed by policy **or** 72 months before the date it was referred to the RS, whichever is later.

To determine the first month of the overissuance period (for overissuances 11/97 or later) Bridges allows time for:

- The client reporting period, per BAM 105.
- The full standard of promptness (SOP) for change processing, per BAM 220.
- The full negative action suspense period; see BAM 220, Effective Date of Change.

### Simplified Reporting

#### FAP

Bridges determines the first month of the overissuance as two months after the actual monthly income exceeded the simplified reporting (SR) limit. This accounts for the 10 days to report by the client, the 10 days for the specialist to act on the change and the 12-day negative action period; see BAM 200.

**Example:** The group's income for April exceeded the SR limit. The group should have reported this by May 10, but did not. June is the first month of the overissuance.

If the income falls below the income limit any time during these two months **and** does not exceed the income limit again during the certification period, recoupment is not necessary. If it does exceed the income limit **again** during the certification period and the client does not report, all months that exceeded the limit after the first two months would be recouped.

**Example:** Bert started a job and called his specialist to report the hours and wages. Bert is put in SR in February and was sent a letter stating his income limit. After a week he gets an increase in hours which puts him over the limit. He does not report. In April the hours were reduced putting him under the income limit. In May Bert is promoted and goes over the income limit and again does not report. The last week of June he is demoted. Bert's overissuance period would be May and June.

**End Date****FIP, SDA, CDC and FAP**

The overissuance period ends the month (or pay period for CDC) before the benefit is corrected.

**Discovery Date****FIP, SDA, CDC and FAP**

Bridges automatically inserts the date when there is an overissuance and a referral is made to the RS. The discovery date for manual claims is the date the overissuance is known to exist and there is evidence available to determine the type.

**OVERISSUANCE  
AMOUNT****FIP, SDA, CDC and FAP**

The amount of the overissuance is the benefit amount the group or provider actually received minus the amount the group was eligible to receive.

**FAP Only**

If the overissuance involves two or more FAP groups which should have received benefits as one group, determine the amount by:

- Adding together all benefits received by the groups that must be combined, **and**
- Subtracting the correct benefits for the one combined group.

**Overissuance  
Threshold****FIP, SDA, CDC and FAP**

No client overissuance will be established if the amount is less than \$250.

**OVERISSUANCE  
CALCULATION****FIP, SDA, CDC and FAP****Benefits Received****FIP, SDA and CDC**

The amount of benefits received in an overissuance calculation includes:

- Regular warrants.
- Supplemental warrants.
- Duplicate warrants.
- Vendor payments.
- Administrative recoupment deduction.
- EBT cash issuances.
- EFT payment.
- Replacement warrants (use for the month of the original warrant).

Do **not** include:

- Warrants that have not been cashed.
- Escheated EBT cash benefits (SDA).

Warrant history is obtained from Bridges under Benefit Issuance; see RFT 293 and 294.

**FAP Only**

The amount of EBT benefits received in the overissuance calculation is the **gross** (before AR deductions) amount **issued** for the benefit month.

If the FAP budgetable income included FIP/SDA benefits, use the grant amount actually received in the overissuance month. Use the FIP benefit amount when FIP closed due to a penalty for non-cooperation in an employment-related activity.

FAP participation is obtained in Bridges under Benefit Issuance.

**Determining  
Budgetable  
Income****FIP, SDA, CDC and FAP**

If improper reporting or budgeting of income caused the overissuance, use actual income for that income source. Bridges converts all income to a monthly amount.

**Exception:** For FAP only, do not convert the averaged monthly income reported on a wage match.

Any income properly budgeted in the issuance budget remains the same in that month's corrected budget.

**Examples:**

- Randy and Andi Andrews both started work. They reported Randy's job but did not report Andi's job. For the corrected calculation, use actual income for Andi and the projected income already budgeted correctly for Randy.
- Minnie and Mickey receive FIP with their three children. Mickey has reported his employment at Disney Corp. They failed to report that one of the children left five months ago to go live with his mother, Mickey's ex-wife. The corrected month budgets will use the income already projected properly for Mickey, but remove the child from the household size.

**FAP Only**

For client error overissuances due, at least in part, to failure to report earnings, do **not** allow the 20 percent earned income deduction on the unreported earnings.

**OVERISSUANCE  
ADJUSTMENTS****FIP Only**

Subtract from the overissuance all or part of any net assigned **current** support collections retained by the state **for the benefit period**:

- If the group was ineligible for FIP during the overissuance period, subtract the net support collections retained.



- If the group was eligible for part of the FIP benefits issued, subtract the portion of the net support collections retained in excess of what the group was eligible for.

### Overissuance months prior to October 2011

**Example:** Subtract \$50 from reported amount before performing the calculations above.

## Overissuance Adjustment

### Overissuance exists:

\$400	Monthly FIP benefit received by the group.
- \$300	Monthly FIP benefit group should have received.
\$100	One month OI

### Reducing the overissuance when paid support exceeds the FIP benefit:

\$375	Child support paid per DL-060.
- \$50	Child support rebate sent to group.
\$325	Difference in child support.
- \$300	Actual monthly FIP benefit group was eligible for.
\$25	This amount is subtracted to reduce the OI amount from \$100 to \$75.

### Do not reduce the overissuance when paid support does not exceed the FIP benefit:

\$300	Child support paid per DL-060.
- \$50	Child support rebate sent to group.
\$250	Difference in child support.
- \$300	Actual monthly FIP benefit group was eligible for.
0	Do not subtract anything from the OI amount, FIP benefit exceeds the difference in child support.

**CLIENT  
NOTIFICATION****FIP, SDA, CDC and FAP**

Unless recouping from the CDC provider, Bridges will notify the group of a client error by sending a completed:

- DHS-4358A, Notice of Overissuance.
- DHS-4358B, Agency and Client Error Repayment Agreement.
- DHS-4358C, Overissuance Summary.
- DHS-4358D, Hearing Request for Overissuance or Recoupment Action.

An explanation of the reason for overissuance, along with the manual items, must be filled out using the view pending screen in Correspondence.

**CDC Provider  
Error**

The provider is not notified of an overissuance by the RS. Send a copy of the issuance summary by ID-mail to:

Fraud and Recoupment Administration  
Reconciliation and Recoupment Section  
Suite 710 Grand Tower Building

The reconciliation and recoupment section will notify the provider and initiate recoupment.

**INITIATE  
RECOUPMENT****FIP, SDA, CDC and FAP**

Bridges automatically starts the recoupment process. The client is instructed to return the DHS-4358B, Repay Agreement, to the welfare debt unit (WDU) or the RS if a hearing is requested. RS must notify WDU if a hearing was requested.

If the client returned the signed repay it must be entered in Bridges in Record Repayment Agreement.

If the repay is sent to the RS, make a copy for the case record and send the original DHS-4358B via ID mail to:

Fraud and Recoupment Administration

Reconciliation and Recoupment Section  
Welfare Debt Unit  
Suite 710, Grand Tower Building

The reconciliation and recoupment section will notify and initiate collection on provider errors.

### Active Programs

Notify the specialist of the final disposition of the overissuance and administrative recoupment effective date via the DHS-4701A.

### HEARING REQUESTED

#### FIP, SDA, CDC and FAP

### Active Cases

A hearing request on a DHS-4358D, Hearing Request for Overissuance or Recoupment Action, must be forwarded to MAHS along with a completed DHS-3050, Hearing Summary, and exhibits according to normal hearing procedures; see BAM 600.

#### ***Received Timely***

If the request is received within the negative action effective date, update the status field in Claim Adjustment.

- If MDHHS is **not** upheld, use Claim Adjustment to decrease balance to zero with hearing decision for reason. This will close the overissuance.
- If MDHHS is upheld, enter standard recoupment for the reason in status field under Claim Adjustment. This will start the recoupment process. Enter the date of the hearing decision in agreement sign date.
- If client withdraws the hearing request or fails to show and the hearing is not rescheduled, enter standard recoupment for the reason in status field under Claim Adjustment.

#### ***Received After Effective Date***

If the hearing request is received **after** the negative action effective date, continue recoupment until issue resolution. Notify WDU that a hearing was requested.

- If MDHHS is upheld, update the agreement sign date with the date of the hearing decision.
- If MDHHS is **not** upheld, update the adjustment box, including entering zero for amount in the Claim Adjustment screen.

### Inactive Cases

MDHHS requests a debt collection hearing when the grantee of an inactive program requests a hearing after receiving the DHS-4358B, Repayment Agreement, Active recipients are afforded their hearing rights automatically, inactive recipients are not. Complete a DHS-3050 indicating the hearing is for a debt collection issue. Forward the DHS-4358A, -B, -C and -D, DHS-3050 and all exhibits to MAHS. See BAM 725 regarding evidence and debt collection hearing procedures.

## LEGAL BASE

### FIP

MCL 400.1 et. seq.

MCL 400.60

Mich Admin Code, R 400.3129 - 400.3131

Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193 of 1996

### FAP

7 CFR 272.8

7 USC 2022

Mich Admin Code, R 400.3011

### SDA

Annual appropriations Act

### MA

42 CFR 431.230(b)

MCL 400.60

### CDC

45 CFR Parts 98 and 99

Social Security Act, 42 USC *et seq*, as amended

Mich Admin Code, R 400.5001 - 400.5020